

## RECYCLING AND REFUSE FUND

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**Description:** The Recycling and Refuse Fund is another of the Village's three enterprise funds and is used to account for the revenues and expenses associated with the provision of recycling and refuse collection and disposal services to residents and businesses. Other services funded by the resources in this Fund include brush pickup, chipping services, and storm cleanup. All activities necessary to provide these services are accounted for, including administration, billing and collections, and operations.

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### ***Fund Structure***

The Recycling and Refuse Fund is an enterprise fund which means the revenues, expenses, transfers, and changes in net assets are accounted for in accordance with full accrual accounting methods (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). Instead of a Fund Balance, the Recycling and Refuse Fund utilizes Net Assets as the indicator of the accumulated equity of the Fund; Net Assets are equal to total assets (including all capital assets) less total liabilities.

A balanced budget in the Recycling and Refuse Fund is determined by the positive or negative change in Net Assets. The budgeted Change in Net Assets is indicative of the Fund's ability to generate sufficient resources to meet operating and non-operating expenses. If the Change in Net Assets is equal to or greater than \$0, the Fund's budget is considered to be balanced.

### ***Analysis of Revenues and Expenditures***

The 2005 Budget includes \$942,950 in estimated revenues for the Recycling and Refuse Fund, an increase of \$91,500 (9.70%) from the 2004 revenue estimate of \$851,450 and a \$103,097 (12.28%) increase from projected 2004 actual revenues of \$839,853. The 2006 Budget includes \$980,450 in total revenues for the Fund, an increase of \$37,500 (3.98%) from the 2005 revenue estimate (*please see the Revenue Descriptions, Historical Trends, and Projections section on Pages 71-89 for more detailed analysis of various revenue sources*).

- Charges for Services revenues are estimated to increase \$101,972 (12.23%), from \$833,778 in 2004 (*projected actual*) to \$935,750 in 2005. In 2006, Charges for Services are projected to increase an additional \$37,500, from \$935,750 to \$973,250. These increases are the result of the rate increases approved by the Village Board in conjunction with the approval of the new recycling and refuse collections contract. The rate increases will take effect in January of each year and will be equivalent to an 8.5% increase in 2005 and an additional 4.0% increase in 2006.
- Miscellaneous operating revenues are expected to decrease slightly (\$250) in 2005 to \$38,250 and then remain stable in 2006.
- Investment Income is expected to increase \$150 (7.69%) in 2005, from \$1,950 in 2004 (*projected actual*) to \$2,100 in 2005. In 2006, this revenue source is expected to remain stable at \$2,100. The increase in 2005 is expected to occur because interest rates are projected to continue increasing, thereby producing additional investment income from purchases of Federal Agency Bonds and Certificates of Deposit. The increase in interest rates will also have a positive effect on the Village's return from its money market account (*the Illinois Funds Account managed by the State of Illinois Treasury*).

The 2005 Budget includes \$932,910 in budgeted expenditures for Recycling and Refuse, an increase of \$76,163 (8.89%) from the 2004 Budget of \$856,747 and an increase of \$91,048 (10.82%) from the projected 2004 actual of \$841,862. The 2006 Budget includes \$969,203 in total expenditures for the Fund, an increase of \$36,293 (3.89%) from 2005 budgeted expenditures.

- The 2005 Administrative Services budget will increase \$4,072 (7.96%), from an amended budget of \$51,171 in 2004 to a proposed expenditure budget of \$55,243 in 2005. In 2006, the Administrative Services budget will increase an additional \$2,255 (4.08%) from \$55,243 to \$57,498. The increase in both years is caused by higher Personnel Services costs due to an increase in salaries and fringe benefits. Increases in health insurance premiums and IMRF pension contributions have a pronounced impact on this budget because of its small size.
- The 2005 Public Works Department budget will increase \$72,091 (8.95%), from an amended budget of \$805,576 in 2004 to a proposed expenditure budget of \$877,667 in 2005. In 2006, the Public Works budget will increase an additional \$34,039 (3.87%) from \$877,667 to \$911,706. The increase in both years is caused by the increase in the cost of the recycling and refuse contract in conjunction with the increase in services included in the new contract.

### ***Changes in Net Assets***

Net Assets will increase \$14,440 (14.44%) in 2005 to a total of \$114,449. In 2006, Net Assets will increase an additional \$15,647 (13.67%) to a total of \$130,096.

**Recycling and Refuse Fund**  
**Summary of Revenues, Expenditures, Transfers, and Changes in Net Assets**  
**Fiscal Year 2002 Actual through Fiscal Year 2006 Budget**

	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Amended Budget</b>	<b>FY 2004 Projected Actual</b>	<b>FY 2005 Approved Budget</b>	<b>FY 2006 Approved Budget</b>
<b>Beginning Total Net Assets<sup>(1)</sup></b>	<b>\$ 64,397</b>	<b>\$ 67,715</b>	<b>\$ 97,018</b>	<b>\$ 97,018</b>	<b>\$ 100,009</b>	<b>\$ 115,049</b>
<i><b>Operating Revenues</b></i>						
Charges for Services	735,639	790,297	844,600	833,778	935,750	973,250
Miscellaneous	4,214	4,554	4,350	4,125	5,100	5,100
<b>Total Revenues</b>	<b>739,853</b>	<b>794,851</b>	<b>848,950</b>	<b>837,903</b>	<b>940,850</b>	<b>978,350</b>
<i><b>Operating Expenses</b></i>						
Administrative Services	34,661	44,928	51,171	48,169	55,243	57,498
Public Works	759,192	757,247	805,576	793,693	877,667	911,706
<b>Total Operating Expenses</b>	<b>793,853</b>	<b>802,175</b>	<b>856,747</b>	<b>841,862</b>	<b>932,910</b>	<b>969,203</b>
<b>Operating Income (Loss)</b>	<b>(54,000)</b>	<b>(7,324)</b>	<b>(7,797)</b>	<b>(3,959)</b>	<b>7,940</b>	<b>9,147</b>
<i><b>Non-Operating Revenues (Expenses)</b></i>						
Investment Income	2,318	1,627	2,500	1,950	2,100	2,100
<b>Total Non-Operating Revenues (Expenses)</b>	<b>2,318</b>	<b>1,627</b>	<b>2,500</b>	<b>1,950</b>	<b>2,100</b>	<b>2,100</b>
<b>Income (Loss) Before Transfers</b>	<b>(51,682)</b>	<b>(5,697)</b>	<b>(5,297)</b>	<b>(2,009)</b>	<b>10,040</b>	<b>11,247</b>
<i><b>Transfers In/(out)</b></i>						
General Fund	55,000	35,000	5,000	5,000	5,000	5,000
<b>Net Transfers</b>	<b>55,000</b>	<b>35,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Change In Net Assets<sup>(2)</sup></b>	<b>3,318</b>	<b>29,303</b>	<b>(297)</b>	<b>2,991</b>	<b>15,040</b>	<b>16,247</b>
<b>Ending Net Assets</b>						
Unrestricted	67,715	97,018	96,721	100,009	115,049	131,296
<b>Total Ending Net Assets</b>	<b>\$ 67,715</b>	<b>\$ 97,018</b>	<b>\$ 96,721</b>	<b>\$ 100,009</b>	<b>\$ 115,049</b>	<b>\$ 131,296</b>

**Notes**

(1) Net Assets equal Total Assets less Total Liabilities

(2) If the Change in Net Assets is equal to or greater than \$0, then the budget for Recycling and Refuse is balanced according to Village Financial Policy.